

Message Text

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PAGE 01 FRANKF 00860 311310Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 DODE-00 /083 W
-----100315 312315Z /61

R 310754Z JAN 78
FM AMCONSUL FRANKFURT
TO SECSTATE WASHDC 0770
INFO AMEMBASSY BONN
AMEMBASSY ANKARA

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E.O. 11652: N/A
TAGS: EFIN, GW, TU
SUBJECT: TURKISH CREDIT NEEDS

REF: (A) FRANKFURT 0200, (B) 77 ANKARA 9336, (C) FRANKFURT 0055

1. DEUTSCHE BANK COUNTRY MANAGER FOR TURKEY UNDERScored THAT DECEMBER 1977 MEETING OF INTERNATIONAL BANKERS ON TURKISH CREDIT NEEDS WAS STRICTLY EXPLORATORY, AND THAT NO COMMITMENT OR CASTING OF AMOUNT, TERMS, OR CONDITION WAS MADE. DEUTSCHE BANK HEARD JANUARY 23 VIA ITS ANKARA OFFICE THAT THE TURKISH MINISTRY OF FINANCE HAD DECIDED NOT TO REQUEST FURTHER CONSULTATIONS WITH THE IMF IN THE NEAR FUTURE, BUT TO "GO IT ALONE" TO BRING THEIR FINANCES IN ORDER. THIS DECISION WAS SAID TO FURTHER THE SPLIT BETWEEN THE MINISTRY OF FINANCE, AND THE TURKISH CENTRAL BANK WHICH FAVORS CLOSER IMF COOPERATION. IN THE DEUTSCHE BANK VIEW, CONTINUING ABSENCE OF FULL TURKISH ECONOMIC AND PAYMENTS DATA COUPLED WITH NO PROSPECTS OF IMF FINANCING AT THIS TIME PUT PROSPECTS FOR ANY SIGNIFICANT LOAN TO TURKEY IN LIMBO.

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2. THIS SOURCE PLACES TURKISH SHORT TERM PAYMENT REQUIREMENTS THROUGH 1978 (BANK AND NON-BANK, SHORT-TERM DEBTS AND AMOUNTS ALREADY OVER-DUE) AT \$ 4 - 5 BILLION, INCLUDING ABOUT \$ 2 BILLION TO BANKS AND \$ 2.5 BILLION COMMERCIAL.

3. BY REASON OF THIS SCALE OF NEED, THE DEUTSCHE BANK RELIEVES

THAT IN ADDITION TO ANY IMF ASSISTANCE, ONLY A SINGLE MAJOR SYNDICATION OF WESTERN BANK PARTICIPATING ROUGHLY IN PROPORTION TO THEIR INVOLVEMENT IN TURKEY CAN BE SUCCESSFUL.

4. WITHOUT HAZARDING ANY GUESS ON TIMING, HE EVIDENCED MILD OPTIMISM THAT TURKEY WILL EVENTUALLY ACCEDE TO CONTITIONS (ECONOMIC PAYMENTS DATA AND FINANCIAL DISCIPLINE) THAT WOULD ALLOW A LARGE SYNDICATION LOAN, PROBABLY HEADED BY DEUTSCHE BANK BY VIRTUE OF ITS INVOLVEMENT IN TURKEY. BLAKE

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Message Attributes

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